



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

ERIC T. SCHNEIDERMAN
ATTORNEY GENERAL

DIVISION OF SOCIAL JUSTICE
ENVIRONMENTAL PROTECTION BUREAU

March 28, 2013

By Electronic and Overnight Mail to Chambers

Honorable Robert E. Gerber
United States Bankruptcy Court
Southern District of New York
One Bowling Green, Courtroom 621
New York, New York 10004-5660

Re: *In re Motors Liquidation Company*
Case No. 09-50026 (REG); RACER Trust Funding Motion

Dear Judge Gerber:

This will follow up our February 28, 2013 letter request to the Court, which identified certain language in the April 12, 2012 transcript that we believe is inconsistent with the rights of the States/Tribe set forth in the October 2010 Consent Decree, which was approved as part of confirmation. As we indicated in our February 28 letter, in exchange for the deletion of this language, the States/Tribe will not appeal the Court's April 12 decision denying the motions by the RACER Trust and the States/Tribe. We believe that this approach is a reasonable one because it eliminates the need for the Court to issue a more formal written ruling beyond the April 12 bench ruling, and assures that there is no further appellate review. Following the February 7, 2013 status conference with the Court (and at your instruction), we attempted to obtain the consent of all parties to this approach. We were not entirely successful.

In a March 4, 2013 letter to the Court, the United States agreed to the transcript deletions proposed by the States/Tribe. In a March 5, 2013 letter to the Court, the RACER Trust indicated that it took no position on the proposed transcript deletions.

In its March 5, 2013 letter to the Court, the DIP Lenders Trust indicated that it "does not object to the proposed deletions to the RACER Ruling" advanced by the States/Tribe, but at the same time indicated that it "reserves its right to object in case the parties are not able to agree" to a stipulation resolving the matter. On March 20, 2013, the DIP Lenders Trust forwarded a stipulation to the States/Tribe. On March 25, 2013, we provided a redlined response to the DIP Lenders Trust. We have received no response to our redlined proposal yet and believe the parties are at an impasse.

① The DIP Lenders Trust has until 4/5/2013 5:00 pm, to respond to this letter and submit a counter-order.

② The counter order shall be blacklined to show any differences from the one enclosed with this letter.

③ Any deadlines imposed on the States, Tribe or any other party are tolled pending the Court's ruling on this controversy.

/s/ Robert E. Gerber

USBJ
3/29/13

The States/Tribe believe that the stipulation proposed by the DIP Lenders Trust reaches well beyond the matters before the Court at this time. Consequently, there is no likelihood that the parties will reach a stipulated agreement. We therefore respectfully request that the Court rule on the relief requested in our February 28, 2013 letter and enter an order that addresses the deletion of the identified language in the April 12, 2012 bench decision, recites our agreement not to appeal that decision, and allows the return of funds from the Court Registry to the DIP Lenders Trust. We have enclosed a proposed order for your consideration that includes these provisions as well as recitations of the procedural history of this matter. We believe that this is the most expeditious and cost-effective way to resolve this matter.

We transmitted the enclosed proposed order to the parties prior to its submission to the Court with a continuing hope of reaching consensus. We request that the DIP Lenders Trust (and any other party) advise the Court of any objections they may have to the proposed order by no later than April 2, 2013. If no objections are presented, we respectfully request that the Court enter the order. Thank you.

Respectfully submitted,

Maureen F. Leary
Digitally signed by Maureen F. Leary
DN: cn=Maureen F. Leary, o=New York
State Office of the Attorney General,
ou=Environmental Protection Bureau,
email=Maureen.Leary@ag.state.ny.us,
c=US
Date: 2013.03.28 16:47:42 -0400

Maureen F. Leary
Assistant Attorney General
(518) 474-7154
Maureen.Leary@ag.ny.gov

cc: David Jones (USAO)
Alan Tenenbaum (USDOJ)
David Berz (MLC/DIP Lenders)
Carl Garvey (RACER Trust)
Michael Eichle (Crowell & Moring)
Celeste Gill (Michigan AG)
Carol Iancu (Massachusetts AG)
Jennifer Davis (Massachusetts DEP)
James Morgan (Illinois AG)
Timothy Junk (Indiana AG)
Gail Myers (Pennsylvania AG)
Robert Kuehl (Delaware AG)
Michael Idzkowski (Ohio AG)
Lacy Cochart (Wisconsin DNR)
David Grandis (Virginia AG)
John Dickinson (New Jersey AG)
Donald Willoh (Missouri AG)
Timothy Keck (Kansas DHE)
Christopher Ratcliff (Louisiana DEQ)
Benjamin Conlon (New York DEC)
John Privitera/Jacob Lamme (St. Regis Mohawk Tribe)